

## Message Text

CONFIDENTIAL

PAGE 01 BONN 17531 060549Z

13

ACTION EUR-10

INFO OCT-01 SS-14 ISO-00 NSC-10 NSCE-00 PM-03 DODE-00 EB-03

TRSE-00 L-02 CIAE-00 INR-10 NSAE-00 RSC-01 PRS-01

DRC-01 NEA-06 SPC-01 /063 W  
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R 051911Z DEC 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 9091

INFO AMEMBASSY LONDON

AMEMBASSY ROME

AMCONSUL HAMBURG

CINCEUR VAIHINGEN

CINCUSAFE RAMSTEIN

CINCUSAREUR HEIDELBERG

C O N F I D E N T I A L BONN 17531

LIMDIS

E. O. 11652: GDS

TAGS: ENRG, GW

SUBJECT: FUEL SITUATION FOR US FORCES IN GERMANY

1. SUMMARY. CONVERSATIONS WITH ESSO GERMANY OFFICIALS  
HAVE CONFIRMED EARLIER REPORTS THAT ON ORDERS FROM  
EXXON ESSO GERMANY WILL CUT BACK 63 PERCENT ON  
DELIVERIES UNDER CONTRACTS TO US FORCES IN GERMANY.  
NO OTHER SUPPLIER IS MAKING SUCH A DRASTIC CUTBACK.  
END SUMMARY.

2. IN CONVERSATIONS WITH MILITARY PETROLEUM  
SPECIALISTS IN HAMBURG ON DECEMBER 3, ESSO GERMANY  
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PAGE 02 BONN 17531 060549Z

OFFICIALS CONFIRMED THAT THEY WERE UNDER FIRM

INSTRUCTIONS FROM EXXON TO IMPLEMENT IMMEDIATELY A 63 PERCENT CUT IN SALES TO US FORCES COVERED UNDER ITS CONTRACTS IN GERMANY. THEY SAID THAT EXXON HAD TO FILE A MONTHLY REPORT TO THE SAUDI ARABIAN GOVERNMENT ON ITS MILITARY SALES AND CONSEQUENTLY EXXON HAD LEVIED A SIMILAR REQUIREMENT ON ESSO GERMANY.

3. NO OTHER SUPPLIER IS MAKING SUCH A DRASTIC CUT TO THE US FORCES. TEXACO SAID THEY WERE CUTTING DELIVERIES UNDER MILITARY CONTRACTS BY 20 PERCENT FOR DECEMBER WHICH WAS THE SAME AMOUNT THEY WERE CUTTING ALL OTHER CUSTOMERS. TEXACO SAID THEY HAD RECEIVED NO INSTRUCTIONS FROM THEIR HOME OFFICE ON HOW THEY WERE TO ALLOCATE ANY CUTS THEY HAD TO MAKE WITHIN GERMANY AND THAT THEY HAD DECIDED TO FOLLOW AN EVEN-HANDED POLICY VIS-A-VIS ALL CUSTOMERS. BP AND SHELL SAID THEY WERE CUTTING DELIVERIES ON MILITARY CONTRACTS BY 15 PERCENT IN DECEMBER AND THEY TOO WERE FOLLOWING AN EVEN-HANDED POLICY VIS-A-VIS ALL CUSTOMERS. MARATHON AND CONOCO HAVE INDICATED NO INTENTION TO MAKE ANY CUTS IN DELIVERIES UNDER THE COMPARATIVELY SMALL CONTRACTS THEY HAVE WITH US FORCES IN GERMANY.

4. (THE FOLLOWING FYI ONLY)  
ESSO GERMANY IS TAKING SEVERAL MEASURES TO AMELIORATE THE IMPACT ON THE US FORCES OF ITS HUGE CUT. IT HAS AGREED THAT THE 63 PERCENT CUT NEED NOT BE APPLIED ON A PRODUCT-BY-PRODUCT BASIS AND THAT ESSO GERMANY IS WILLING TO PROVIDE 100 PERCENT DELIVERIES OF SOME PRODUCTS UNDER CONTRACT E.G. HEAVY HEATING OIL AS LONG AS TOTAL DELIVERIES OF ALL PRODUCTS UNDER THE ESSO GERMANY CONTRACT ARE REDUCED BY 63 PERCENT. ESSO GERMANY IS NOT REQUIRING ITS BRANDED RESALERS (INDEPENDENT DEALERS WHO OBTAIN MOST OF THEIR PRODUCT SUPPLIERS FROM ESSO) WITH WHOM THE MILITARY HAS SEVERAL LARGE CONTRACTS TO MAKE THE 63 PERCENT OUT. ESSO GERMANY IS TAKING THE POSITION THAT IT SELLS ONLY TO THE DEALERS AND IT IS NOT RESPONSIBLE FOR WHAT THE DEALER DOES WITH THE PRODUCT. ESSO GERMANY IS ALSO JUGGLING ITS CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 17531 060549Z

SUPPLIES ON ITS BERLIN CONTRACT BY USING SUPPLIES FROM EASTERN EUROPE SOURCES TO MEET THE ARMY REQUIREMENTS AND USING SUPPLIES FROM ARAB SOURCES TO MEET WEST BERLIN'S REQUIREMENTS. ESSO GERMANY HAS ALSO AGREED TO PROVIDE THE REMAINING 63 PERCENT OF CONTRACT UNDER A SWAP ARRANGEMENT WHEREBY THE MILITARY REPLACES PRODUCT DELIVERIES WITH A COMPARABLE PRODUCT. IN THIS WAY ESSO GERMANY SHOWS NO SALES OF THESE

PRODUCTS YET IT ACTS AS A DISTRIBUTOR OF US OWNED  
PRODUCTS TO THE MILITARY.

5. ABOVE INFORMATION SHOULD BE HANDLED CAREFULLY AS  
ESSO GERMANY HAS SAID IT DOES NOT INTEND TO INFORM  
EXXON OF THESE MEASURES.  
HILLENBRAND

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
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